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Attorneys for Defendant
SPECIALTY RISK SERVICES, LLC

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

MONARCH CONSULTING, INC. dba
PES PAYROLL,

Plaintiff,

v.

SPECIALTY RISK SERVICES, LLC,
Defendants.

SPECIALTY RISK SERVICES, LLC,

Counter-claimant,

v.

MONARCH CONSULTING, INC. dba
PES PAYROLL,

Counter-defendant.

NOTE CHANGES MADE BY THE COURT

Case No. CV11-01764 DSF (AGR)
NOTE CHANGES MADE BY THE COURT
~~PROPOSED~~ ORDER GRANTING
LEAVE TO FILE, AND ENTERING,
STIPULATED PROTECTIVE
ORDER

[Stipulation for Entry of Protective
Order, and Declarations of Fredrick J.
Weber and James F. McShane filed
concurrently]

Complaint Filed: March 1, 2011
Trial Date: November 6, 2012

ORDER

The Court, having read and considered the concurrently filed Proposed Stipulated Protective Order regarding the protection of medical privacy of non-parties and competitively sensitive business information, and good cause appearing therefore,

IT IS HEREBY ORDERED that the Stipulated Protective Order is entered in this action *as modified by this court*

Dated: August 23, 2011

Alicia L. Rosenberg

~~HON. DALE S. FISCHER~~

~~UNITED STATES DISTRICT JUDGE~~

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PES PAYROLL,

Counter-defendant.

Case No. CV11-01764-DSF(AGR)

**STIPULATION FOR ENTRY OF
PROTECTIVE ORDER**

[Proposed Order Granting Leave to File
Stipulated Protective Order and
Declarations of Fredrick J. Weber and
James F. McShane filed concurrently]

Complaint Filed: March 1, 2011
Trial Date: November 6, 2012

NOTE CHANGES MADE BY THE COURT

1 Plaintiff and counter-defendant Monarch Consulting, Inc. dba PES
2 Payroll ("Monarch"), and defendant and counter-claimant Specialty Risk Services,
3 LLC ("SRS"), through their counsel of record, and under Rules 26(c) and 29(b) of
4 the Federal Rules of Civil Procedure and Local Rule 7-1, agree and stipulate as
5 follows:

6
7 **I.**

8 **GOOD CAUSE EXISTS TO ENTER THIS PROTECTIVE ORDER**

9
10 **A. Brief Summary of Facts**

11
12 Beginning on October 21, 2005, Monarch retained SRS to administer
13 the claims for benefits submitted by injured employees under Monarch's workers'
14 compensation insurance program. SRS handled, and continues to handle, claims for
15 benefits submitted under Monarch's workers' compensation insurance program for
16 policy years, beginning each year on October 21, from 2005 through 2009.

17
18 In its Complaint, Monarch asserts five claims for relief: (1) breach of
19 written and oral contracts, (2) tortious breach of the implied covenant of good faith
20 and fair dealing, (3) declaratory relief, (4) unfair business practices and (5)
21 accounting. Monarch alleges that SRS breached agreements by, among other things,
22 mishandling the workers' compensation insurance claims it administered, resulting
23 in claim overpayments, over-reserving, and increases in the collateral requirements
24 imposed by Monarch's insurer. Monarch seeks general, special and punitive
25 damages.

26
27 In its Counter-Claim, SRS alleges that Monarch failed to pay SRS
28 invoices for service fees and claim losses. SRS seeks over \$100,000 in damages.

1 During preliminary communications between counsel about anticipated
2 discovery, Monarch indicated that it will seek, among other things, workers'
3 compensation claim files and related documents and information pertaining to about
4 forty-seven claims that SRS handled. (McShane Decl., ¶¶ 2-3). SRS must object to
5 the disclosure or production of the claim files without a protective order because, in
6 its view, the information they contain is protected by third-party medical privacy
7 rights. Through its counsel, Monarch indicated that it will also request information
8 and documents relating to SRS' workers' compensation claims handling manuals and
9 related materials. (*Id.*). SRS contends that its claim handling manuals and related
10 documents are proprietary and confidential, and it will object to producing them
11 without a protective order.

12
13 In order to avoid unnecessary disputes, the parties agree that (a) the
14 claim files shall be produced under a protective order due to SRS' contention that
15 the requested claim files contain private medical information pertaining to
16 Monarch's injured workers, (b) SRS' workers' compensation claims handling
17 manuals and related materials shall be produced under a protective order due to
18 SRS' contention that they contain confidential and proprietary information that
19 should be protected from disclosure outside this litigation, and (c) each side may
20 locate and identify other documents and information that should be produced only
21 under a protective order.

22
23 THEREFORE, in order to facilitate the future production of claim files
24 that contain private medical information, workers' compensation claim handling
25 manuals or other internal documents that any party deems confidential, proprietary
26 or trade secrets, the parties submit this proposed Protective Order.

1 **B. Good Cause Exists for the Issuance of a Protective Order to Protect**
2 **Private Medical Information**

3
4 **1. Injured Employees Have a Fundamental Privacy Interest in the**
5 **Information Contained in their Workers' Compensation Claim**
6 **Files.**

7
8 In its Complaint, Monarch alleges, among other things, that SRS
9 mishandled a number of workers' compensation claims filed by Monarch's injured
10 employees. SRS contends that the claim files and related documents contain
11 confidential medical, employment and other personal information,¹ and that the
12 following authorities support its contentions:

13
14 The California Constitution protects an individual's right to privacy.²
15 Cal. Const. Art. I, § 1 (among an individual's inalienable rights are "pursuing and
16 obtaining safety, happiness, and privacy."); Urbaniak v. Newton, 226 Cal.App.3d
17 1128, 1136 (1991). Even highly relevant, non-privileged information may be
18 shielded from discovery if its disclosure would impair a person's "inalienable right
19 of privacy." Britt v. Superior Court, 20 Cal.3d 844, 855-56 (1978). The
20 constitutional right to privacy includes protection from the unauthorized
21 dissemination of a person's medical information. Pettus v. Cole, 49 Cal.App.4th

22 ¹ Although the parties agree with the general proposition that California law
23 protects privacy interests in medical, employment and personal information,
24 they do not agree on the nature and extent of that protection, including its
25 application to the contents of workers' compensation claim files. However,
26 they desire to minimize their points of disagreement by entering into this
27 stipulation.

28 ² State law governs this privacy claim. "In a federal action based on diversity
of citizenship jurisdiction, state law governs privilege claims." Oakes v.
Halvorsen Marine Ltd., 179 F.R.D. 281, 284 (C.D. Cal. 1998). Additionally,
"to the extent privacy is a matter of privilege under state law, federal courts
will honor the privilege and protect the responding party from discovery." Id.

1 402, 440 (1996); Urbaniak, supra, 226 Cal.App.3d at 1139 (recognizing that
2 confidentiality of medical information encourages free communication with medical
3 providers and protects the doctor/patient relationships from abuse).

4
5 SRS further contends that California courts assiduously protect privacy
6 rights, abrogating them only after "a balancing of the privacy interest against
7 competing interests to determine if the right may be invaded." Jeffery H. v. Imai,
8 Tadlock & Keeney, 85 Cal.App.4th 345, 357 (2000); Hill v. National Collegiate
9 Athletic Assoc., 7 Cal. 4th 1, 20, 37 (1994) (the "diverse and somewhat amorphous
10 character of the privacy right necessarily requires that privacy interests be
11 specifically identified and carefully compared with competing or countervailing
12 privacy and nonprivacy interests in a 'balancing test.'"). Thus, in discovery
13 proceedings, a court must balance the competing interests, and may order disclosure
14 of confidential information *only* when the court finds a "*compelling public interest*"
15 *requiring disclosure*. Britt, supra, 20 Cal.3d at 855-56. Even then, the disclosure of
16 confidential information must be narrowly circumscribed. Id.

17
18 **2. California Labor Code Section 3762 Governs the Disclosure of**
19 **Information Maintained in Claim Files.**

20
21 The right of privacy set forth in the California Constitution applies to
22 confidential medical information. For that reason, the Legislature codified rules
23 governing disclosure of confidential medical information in various circumstances.
24 For example, Labor Code section 3762 governs the release to employers of medical
25 information contained in an insurer's or third party administrator's ("TPA's")
26 workers' compensation claim files, and prohibits the disclosure of an injured
27 worker's confidential medical information to the employer, except for (a) medical
28 information limited to the diagnosis and treatment for the condition that is the

1 subject of the employee's claim, and (b) medical information that the employer
2 needs in order to modify the injured employee's work duties:

3
4 (c) An insurer, **third-party administrator retained by a**
5 **self-insured employer** pursuant to Section 3702.1 to
6 administer the employer's workers' compensation claims,
7 and those employees and agents specified by a self-insured
8 employer to administer the employer's workers'
9 compensation claims, **are prohibited from disclosing or**
10 **causing to be disclosed to an employer, any medical**
11 **information**, as defined in subdivision (b) of Section
12 56.05 of the Civil Code,³ about an employee who has filed
13 a workers' compensation claim, **except as follows:**

14 (1) Medical information **limited to the diagnosis of**
15 the mental or physical condition for which workers'
16 compensation is claimed and the **treatment** provided for
17 this condition.

18 (2) Medical information regarding the injury for
19 which workers' compensation is claimed that is **necessary**
20 **for the employer to have in order for the employer to**
21 **modify the employee's work duties.** [Cal. Labor Code
22 § 3762 (emphasis added)].

23
24 The Legislature enacted the original Labor Code section 3762 in 1993,
25 as part of an "Employer's Bill of Rights." In its original form, in contrast to the
26 current version of the statute, section 3762 required insurers and TPAs to disclose
27 workers' compensation claim files, in their entirety, to employers upon request,
28 excluding only privileged material.⁴

24 ³ Under Civil Code section 56.05(g), "medical information" is "any
25 individually identifiable information, in electronic or physical form, in
26 possession of or derived from a provider of health care, health care service
27 plan, pharmaceutical company, or contractor regarding a patient's medical
28 history, mental or physical condition, or treatment."

24 ⁴ As originally enacted, Labor Code section 3762 did not contain subsection
25 (c), which limits the information that may be released.

1 In 1999, largely in response to concerns over disclosure of employee
2 HIV status to employers, Assembly Bill 435 proposed to amend Labor Code section
3 3762 to *include restrictions on the medical information that insurers could disclose*
4 *to employers.* Workers Compensation: Medical Records: Disclosure: Hearing on
5 AB 435 Before the Assembly Comm. on the Judiciary, 1999-2000 Sess. 2 (Cal.
6 1999). Proponents of AB 435 argued that the amendment was necessary because
7 the Confidentiality of Medical Information Act ("CMIA"), which restricts *health*
8 *care providers* from disclosing medical information to employers,⁵ did not restrict
9 *insurers and TPAs* from disclosing the same confidential medical information to
10 employers on request. In order to re-establish statutory protection of employee
11 confidential medical information in the hands of insurers and TPAs, AB 435 added
12 subsection (c) to Labor Code section 3762, prohibiting insurers and TPAs from
13 disclosing medical information to employers except: (1) the diagnosis of the claimed
14 injury, (2) the treatment for the claimed injury, and (3) information necessary to
15 modify the employee's work duties.

16
17 The parties agree that California law requires Courts to protect injured
18 workers' privacy interests in the medical, employment and personal information
19 contained in workers' compensation claim files. These privacy interests overcome
20 the right of public access to such medical, employment and personal information,
21 and support the issuance of an order requiring the sealing of any workers'
22 compensation claim file that any party files in connection with the trial of, or any
23 motion to be filed in, this action. If workers' compensation claim files are not filed
24 under seal, there exists a substantial probability that the privacy interests of
25

26
27 ⁵ Under the CMIA, subject to certain exceptions, a health care provider may
28 not disclose an individual's medical information without first obtaining a
written authorization from the patient. See Cal. Civ. Code § 56.10(a).

1 Monarch's injured employees will be prejudiced, and no means less restrictive than
2 sealing will be sufficient to protect those interests.

3
4 Accordingly, in order to protect the privacy rights of Monarch's injured
5 employees in any confidential medical, employment or other personal information
6 contained in their workers' compensation claim files and related records maintained
7 by SRS and Monarch, the parties agree that all such files and documents, if
8 produced, shall be designated "Confidential" and shall be not be disclosed except as
9 provided herein.

10
11 **C. Good Cause Also Exists for the Issuance of a Protective Order to Protect**
12 **Proprietary, Confidential, Business-Sensitive Information**

13
14 The parties seek only to limit, but not prevent, the disclosure of
15 proprietary and competitively-sensitive business information. Federal Rule of Civil
16 Procedure 26(c)(1)(G) specifically authorizes issuance of a protective order
17 concerning the disclosure of trade secrets or other confidential information. Fed. R.
18 Civ. Proc. 26(c)(1)(G). A protective order may be issued upon a showing of good
19 cause. In re Lifescan, Inc. Consumer Litig., 1999 U.S. Dist. LEXIS 9894, *5 (N.D.
20 Cal. 1999). Courts generally require parties seeking a protective order to show a
21 particular and specific need for the protection and a showing of serious harm either
22 to business or non-business interests. Id.; see also In re Coordinated Pretrial
23 Proceedings in Petroleum Products Antitrust Litigation, 101 F.R.D. 34, 41 n.7 (C.D.
24 Cal. 1984) (holding that "Rule [26(c)(1)(G)] provides that upon a showing of good
25 cause, a court may order that trade secrets, confidential research or other
26 commercial information produced during discovery be protected from public
27 disclosure" and that the "good cause requirement is met by a showing that disclosure
28 will work a clearly defined, specific and serious injury").

1 Monarch contends that SRS breached the Policies by mishandling,
2 overpaying and over-reserving workers' compensation insurance claims made under
3 the Policies. (See Section A above). According to Monarch, this led to an increased
4 amount Monarch was required to pay on those claims and increased the premiums
5 that insurers charged Monarch under their policies. (Id.). During preliminary Rule
6 26 discussions, Monarch has indicated that it will seek disclosure or production of
7 SRS' internal claims handling guidelines and procedures. (McShane Decl. ¶¶ 2-3).
8 SRS contends that these documents are confidential, proprietary and/or trade secret,
9 and that disclosure of the documents without a Protective Order would cause SRS
10 competitive and/or financial harm. (Weber Decl. ¶¶ 2-3). SRS' claims handling
11 guidelines and procedures are internal documents disclosed only to employees of
12 SRS and its affiliates. Id. If SRS' competitors obtain those guidelines and
13 procedures and emulate the system SRS has put in place to handle claims, there is a
14 risk that SRS would lose a competitive advantage, which it claims to currently enjoy
15 in the handling of claims. (Id.).
16

17 In its Complaint, Monarch also raises issues regarding certain claim
18 handling expense items, including, among other things, the prices SRS charges for
19 medical bill review services. Accordingly, the parties understand that disclosures
20 and discovery may encompass internal information and documents regarding SRS'
21 relationships, procedures and methods for providing, pricing and billing for its
22 services, such as medical bill review. SRS contends that such information and
23 documents are confidential, proprietary and reflect how SRS conducts and prices
24 certain aspects of its business. (Weber Decl., ¶ 3). If SRS' pricing models for
25 medical bill review and other services were produced in this litigation without a
26 Protective Order, SRS would be put at a serious competitive disadvantage. (Id.).
27 SRS' competitors could attempt to use its pricing information and other proprietary
28 business information to lure away current and potential future SRS customers. (Id.).

1 In an effort to reduce discovery disputes and accommodate each party's
2 competing needs, *i.e.*, Monarch's need for information versus SRS' need to keep its
3 competitively-sensitive information confidential, the parties agreed to seek a
4 protective order.

5
6 **STIPULATED PROTECTIVE ORDER**
7

8 In order to facilitate the discovery process, Monarch and SRS stipulate
9 and agree that documents designated and produced as "confidential" under this
10 Order, including but not limited to confidential material contained in SRS' claim
11 files, SRS' internal claims handling guidelines and procedures, SRS' medical bill
12 review or other internal documents relating to the protocols and pricing of its
13 services, and such internal documents as Monarch may designate as confidential
14 (collectively "Confidential Information") shall be protected according to the
15 following terms and conditions:

16
17 1. SRS and/or Monarch will mark or stamp Confidential
18 Information with an appropriate designation indicating its determination that the
19 document(s) or information should be subject to this Stipulated Protective Order. In
20 the case of deposition testimony, SRS and/or Monarch may designate testimony as
21 Confidential by (a) indicating on the record that such testimony is or contains
22 Confidential Information and direct the court reporter to mark or stamp the cover of
23 such transcript with an appropriate designation indicating that it is subject to this
24 Stipulated Protective Order, or (b) designating, by page and line number, and within
25 30 days after receipt of the deposition transcript, the portions of deposition
26 testimony that are or contain Confidential Information. Except as the Parties
27 otherwise agreed in writing, the Parties shall treat all testimony in any deposition
28

1 transcript as Confidential Information under this Protective Order until the
2 expiration of such 30-day period.

3
4 2. Any Confidential Information or deposition transcript, or any
5 part thereof, that a party so designates shall not be used by the other party or its
6 counsel, or be given by the other party or its counsel, to any third party for use in
7 any business or commercial purpose or any other administrative or judicial
8 proceeding, and the use of said document shall be limited to the preparation and trial
9 of the above-entitled action, including discovery, and any and all appeals and/or
10 retrials.

11
12 3. Except as provided by paragraph 4 below, all documents,
13 discovery responses or deposition transcripts designated as containing Confidential
14 Information may be disclosed only to:

15
16 a. Counsel for the parties hereto, and clerks, legal assistants,
17 secretaries, paralegals, investigators, and other persons or entities retained by
18 counsel to provide litigation-related services and the employees of said persons or
19 entities;

20
21 b. Experts, consultants and other independent contractors
22 retained or employed by counsel to consult with, advise or assist counsel in the
23 preparation or trial of this case;

24
25 c. Representatives of the parties hereto who are responsible
26 for assisting counsel in the preparation or trial of this case;

1 d. Persons who are being prepared by counsel to give
2 testimony at a deposition or at trial, or who are being examined by counsel at a
3 deposition or at trial; and/or

4
5 e. Court personnel, including the judge, court reporters and
6 clerks engaged in proceedings necessary to the preparation for trial or the actual trial
7 of this matter.

8
9 4. With respect to the disclosure to Monarch's representatives of
10 any "medical information" in any claim file produced by SRS in this action, the
11 "medical information" in such files may only be disclosed to those representatives of
12 Monarch who are counsel in this matter or are responsible for assisting counsel in
13 this matter, except that: (1) if the diagnosis of the injury for which workers'
14 compensation is claimed would affect Monarch's workers' compensation premium,
15 then the diagnosis and treatment for the claimed workers' compensation injury may
16 be disclosed to the appropriate representative(s) of Monarch responsible for
17 monitoring its workers' compensation premium as set forth in Labor Code section
18 3762; or (2) if the disclosure of such "medical information" is necessary for
19 Monarch to have in order for it to modify the injured employee's work duties, then
20 the necessary "medical information" may be disclosed to the appropriate
21 representative(s) of Monarch responsible for overseeing the modification of the
22 injured employee's work duties as set forth in Labor Code section 3762. The term
23 "medical information" shall be construed as that term is used in Labor Code section
24 3762 and Civil Code section 56.05, as follows:

25
26 Medical information "means any individually identifiable
27 information, in electronic or physical form, in possession
28 of or derived from a provider of health care or health care
service plan regarding a patient's medical history, mental
or physical condition, or treatment. 'Individually

1 identifiable' means that the medical information includes
2 or contains any element of personal identifying
3 information sufficient to allow identification of the
4 individual, such as the patient's name, address, electronic
5 mail address, telephone number, or social security number,
6 or other information that, alone or in combination with
7 other publicly available information, reveals the
8 individual's identity." [Cal. Civ. Code § 56.05(g)].

9 5. With respect to "medical information" in the claim files claimed
10 to be exempted from disclosure under Labor Code section 3762, SRS will produce
11 such information pursuant to the terms of this Stipulated Protective Order only after
12 the following conditions are met:

13 a. Counsel for Monarch must send to each
14 claimant/employee, at the employee's present or last known address, written
15 notification in the form of the Notice attached hereto as Exhibit "B" ("Notice").
16 Subject to the terms of this Stipulated Protective Order, SRS' counsel will provide to
17 Monarch's counsel the last known address for each claimant/employee whose claim
18 files are sought no later than ten (10) business days after Monarch's counsel requests
19 such addresses and identifies in writing the claimant's name and the claim number
20 relating to each claim file being sought.

21 b. Monarch's counsel will send to SRS' counsel copies of any
22 Notice sent pursuant to subparagraph (a) at the same time such Notices are sent to
23 the claimant/employees.

24 c. Monarch's counsel will promptly notify SRS' counsel of
25 any written objection received from any employee, or any Notices which are
26 returned as undeliverable.

1 d. SRS will produce the requested claim file materials no
2 later than ten (10) business days after the Notice-created deadline for the employee
3 to notify counsel of his/her objection, provided there was no objection thereto and
4 further provided that the claim file or any of the documents therein are not protected
5 from disclosure pursuant to a prior order of the Workers' Compensation Appeals
6 Board or other court.

7
8 e. In the event of an objection by an employee, or a Workers'
9 Compensation Appeals Board or other court order protecting the claim file or any of
10 the documents therein from disclosure, Monarch and/or SRS, by and through their
11 respective counsel, may file a motion seeking a court order allowing production of
12 the requested materials. The non-moving party agrees not to oppose such motion.
13 In the event a notice to an employee is returned as undeliverable, SRS shall produce
14 the requested claim file without either party being obligated to file a motion seeking
15 a court order allowing production of the requested materials.

16
17 f. The parties may modify the deadlines specified in
18 Paragraph 5(d) upon their mutual agreement, including the time for production of
19 the requested claim file materials, if compliance with such deadlines is not
20 practicable or feasible. Any agreement to extend such deadlines shall be confirmed
21 by counsel for one of the parties in writing.

22
23 6. If, at any time during the pendency of this action, counsel for any
24 party wishes to challenge another party's designation of documents or discovery
25 responses as containing Confidential Information, and exclude such documents and
26 discovery responses from the provisions of this Stipulated Protective Order, the
27 party may proceed ^{under Local Rules.} ~~by regular motion or ex parte application before the Court.~~ The
28 parties shall first meet and confer to resolve informally any disputes concerning this

1 Stipulated Protective Order before bringing any such motion or application before
2 the Court. If the Court finds it appropriate, the Court may examine the designated
3 material or hear the designated testimony *in camera*. The parties are not obligated
4 to challenge the propriety of the confidential designation, and a failure to do so shall
5 not preclude a subsequent attack on the propriety of such designation.

6
7 7. With the exception of the persons identified in paragraph 3(a)
8 and (e) above, the parties shall take appropriate measures to ensure that all persons
9 permitted access to such documents under paragraph 3 of this Stipulated Protective
10 Order shall agree, prior to reviewing such documents, to be bound by the terms and
11 conditions hereof with respect to the use of such documents, and such persons shall
12 sign the agreement attached hereto as Exhibit "A."

13
14 *With the exception of the persons identified in paragraph 3(e),*
AER 8. */*All documents designated as containing Confidential Information
15 shall be kept in secure facilities. Access to those facilities shall be permitted only to
16 those designated persons set forth in paragraph 3, as limited by paragraph 4, of this
17 Stipulated Protective Order as properly having access thereto.

18
19 9. All documents, including deposition transcripts, containing
20 Confidential Information which are filed or lodged with the Court, shall be filed or
21 lodged in accordance with Local Rule 79-5, in a sealed envelope or other
22 appropriate sealed container on which shall be endorsed the title to the action to
23 which it pertains, an indication of the nature of the contents of such sealed envelope
24 or other container, the notation "DOCUMENT[S] SUBMITTED UNDER SEAL,"
25 and a statement substantially in the following form:

26
27 "This envelope is sealed and contains confidential
28 information filed [or lodged] in this case by [name of

1 party] and is not to be opened or the contents thereof
2 displayed or revealed except by order of the court or
3 pursuant to stipulation of the parties to this action."
4

5 The envelope or container shall not be opened without order of the
6 Court except by officers of the Court and counsel of record who, after reviewing the
7 contents, shall return them to the clerk in a sealed envelope or container.
8

9 10. If Monarch or SRS files any documents or deposition testimony
10 containing Confidential Information with the Court, it shall indicate to the Court on
11 filing what portion(s) thereof are subject to this Stipulated Protective Order, and ^{shall request} that
12 the pretrial presentation of such Confidential Information ~~shall~~ be filed under seal.
13 ^{AGR} ~~If the request is granted,~~ The Confidential Information shall be kept by the clerk under seal and shall be made
14 available only to the Court and its staff and to the persons authorized by the terms of
15 this Stipulated Protective Order to have access to Confidential Information.
16

17 11. Nothing in this order shall prevent counsel for the parties from
18 referencing in support of oral or written legal arguments documents, deposition
19 testimony or other information designated as containing Confidential Information
20 pursuant to this Stipulated Protective Order, provided that such references do not
21 contain quoted material from such confidential materials and, if such confidential
22 materials are submitted to the court, such submission is made in accordance and
23 compliance with the other provisions contained in this Stipulated Protective Order.
24

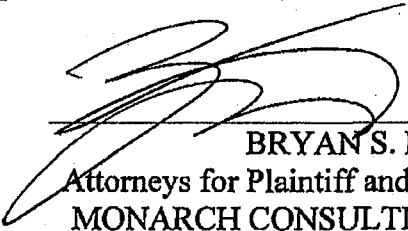
25 12. Prior to the trial of this action, counsel for the parties shall meet
26 and confer, and attempt to agree on an appropriate form of order to submit to the
27 Court regarding the confidential status, if any, to be afforded any Confidential
28 Information which may be disclosed during the course of trial.

1 13. Upon the final termination of this litigation, counsel for each
2 party shall return to the other party, or destroy, all materials and copies thereof
3 which have been designated as containing Confidential Information, and shall
4 provide counsel (upon request) with a written statement that such documents were
5 returned or destroyed in accordance with this Stipulated Protective Order. Attorney-
6 client communications, and internal memoranda subject to the attorney work
7 product doctrine, which contain Confidential Information do not need to be
8 destroyed, but shall be secured in a manner so as to protect against inadvertent
9 disclosure, shall be kept strictly confidential, and shall remain subject to this
10 Stipulated Protective Order.

11
12 Dated: August 9, 2011

13 ROXBOROUGH, POMERANCE, NYE & ADREANI
14 LLP

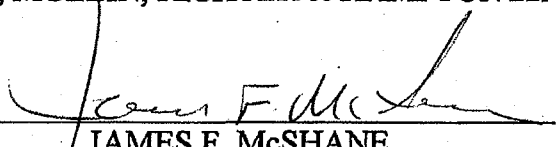
15
16 By


BRYAN S. DOSS
Attorneys for Plaintiff and Counter-Defendant
MONARCH CONSULTING, INC. dba PES
PAYROLL

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21 Dated: August 12, 2011

22 SHEPPARD, MULLIN, RICHTER & HAMPTON LLP

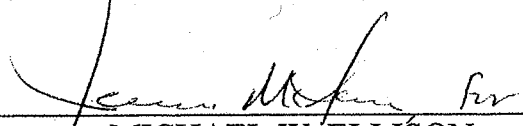
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24 By


JAMES F. McSHANE
Attorneys for Defendant and Counter-Claimant
SPECIALTY RISK SERVICES, LLC

1 Dated: August 12, 2011

2 SMITH ♦ ELLISON, Professional Corporation

3
4 By


5 MICHAEL W. ELLISON

6 Attorneys for Defendant and Counter-Claimant
7 SPECIALTY RISK SERVICES, LLC
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EXHIBIT A

EXHIBIT A

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

MONARCH CONSULTING, INC. dba PES PAYROLL, Case No. CV11-01764 DSF (AGR)

Plaintiff,

v.

SPECIALTY RISK SERVICES, LLC,
Defendants

DECLARATION OF
CONFIRMING COMPLIANCE WITH
STIPULATED PROTECTIVE ORDER

AND RELATED COUNTERCLAIM

I, _____, declare the following:

1. I have read and I understand the Stipulated Protective Order entered in Monarch Consulting, Inc. dba PES Payroll v. Specialty Risk Services, LLC, United States District Court, Central District of California, Case No. CV11-01764 DSF (AGR), and I agree to be bound by its terms.

2. In addition, I consent to the jurisdiction of the Central District Court of California with respect to any actions of any kind whatsoever relative to the enforcement of the Stipulated Protective Order, recognizing that in doing so I subject myself to the full powers of that Court, including the power of imposing sanctions for contempt.

3. My address is : _____

4. My telephone number is: _____.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed on _____, 2011, at _____, State of _____.

(Signature) _____

EXHIBIT B

EXHIBIT B

Name
Address
Address

Re: Monarch Consulting, Inc. dba PES Payroll v. Specialty Risk Services, LLC

Dear Mr./Ms.:

A lawsuit is currently pending between plaintiff and counter-defendant Monarch Consulting Inc. dba PES Payroll ("Monarch") and defendant and counter-claimant Specialty Risk Services, LLC ("SRS"). As part of the lawsuit, records pertaining to your workers' compensation claim are being sought for examination by Monarch and/or SRS.

Your workers' compensation claim and any insurance benefits that you received in connection with your claim will not be affected by this lawsuit, or by Monarch's or SRS' examination of the information in your claim file.

This notice is provided to you so that, if you have grounds to do so, you may object to the disclosure of the records described above. If you object, you must notify both of the following individuals in writing within 15 days of the date of this notice:

Attorney for Monarch

Nicholas P. Roxborough, Esq.
Roxborough, Pomerance, Nye & Adreani, LLP
5820 Canoga Avenue, Suite 205
Woodland Hills, California 91367
Telephone: (818) 992-9999
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Attorney for SRS

James F. McShane, Esq.
Sheppard, Mullin, Richter & Hampton LLP
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Los Angeles, California 90071
Telephone: (213) 620-1780
Facsimile: (213) 620-1398

If you have any questions about this notice, you may wish to consult an attorney.

Very truly yours,

Nicholas P. Roxborough, Esq.
Attorney for Monarch